(a) whether Government has fixed the Gas Price Formula in US dollar denomination for the domestic KG Basin gas for domestic consumption;

(b) if so, the reasons therefor;

(c) what is the period of validity of the price formula; and

(d) what is the reason for this period of validity of the price formula?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) Yes, Sir. Gas prices are generally indexed to liquid hydrocarbons such as crude oil and fuel oils etc. The international prices of these liquid fuels are quoted normally in US Dollars. Therefore, Empowered Group of Ministers has approved a gas price formula, which is denominated in US dollars for KG Basin gas.

(c) and (d) The period of validity of the price formula is five years from the date of commencement of supply of gas from the project. A fixed period has been prescribed because the price formula/ price is linked with crude oil price which is volatile and a reasonable period of five years has been fixed to take care of any further adjustment(s).

Linking of natural gas price to international price

2519. SHRI M.V. MYSURA REDDY:
SHRI NANDAMURI HARIKRISHNA:
Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the rationale in linking the price of natural gas to the price of international basket of fuel oils, when production of natural gas is in no way related to production of fuel oils and when no credible international price for natural gas exists;

(b) whether Government has any plan to desist from this way of calculating the fuel price;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) to (d) Natural Gas is used as a feedstock for petrochemical, urea & steel plants, and also as a fuel in almost all sectors of the economy. Natural gas is an alternative to liquid fuels. Hence, its price depends, *inter alia*, on the price of its alternatives, *viz.*, liquid fuels. Most international contracts for natural gas have a linkage with the price of liquid fuels.

Oil sector vision 2015

2520. DR. JANARDHAN WAGHMARE:
SHRI N.K. SINGH:
Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Central Government has recently unveiled the oil sector vision 2015 and is exploring the possibility of direct transfer of subsidy to the beneficiaries accounts;

(b) if so, in what manner direct transfer of subsidy to the beneficiaries would be given; and

(c) by when such a scheme is likely to be introduced?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) to (c) To check diversion of PDS Kerosene and Liquefied Petroleum Gas (LPG) to black market and misuse of subsidy being given on Kerosene, the Ministry of Petroleum and Natural Gas has formulated Vision-2015 "Consumer Satisfaction and Beyond" for the Oil Sector which includes possibility of direct cash transfer of subsidy on kerosene to beneficiaries account to be studied in rural areas and if found feasible to be expanded to other areas.

Possibility of direct cash transfer is being worked out.

Outstanding amount for turbine fuel

†2521 SHRI KRISHAN LAL BALMIKI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the names of airlines which have not paid the dues of turbine fuel;

(b) the steps taken to recover the same; and

(c) the loss being incurred by the petroleum companies due to the outstanding amount?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) As on 31st May 2009, five Airlines *i.e.* National Aviation Company of India Limited (NACIL), Jet Airways, Kingfisher Airlines, Paramount Airways and Spice Jet have dues against supply of Aviation Turbine Fuel to Oil Marketing Companies (OMCs) namely Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL).

(b) In case Airlines fails to pay their dues beyond credit period, OMCs take action for recovery of dues in line with the mutually agreed commercial terms between them and Airlines. The defaulting Airlines are also put on 'Cash and Carry' and interest is recovered on all overdue payments.

The issue of outstanding dues was also taken up with Ministry of Civil Aviation which advised the airlines to clear their outstanding dues promptly.

(c) OMCs charge interest on delayed payment in line with their payment terms *inter alia* no loss is incurred by the OMCs unless the outstanding turn into bad debts.

Unstable oil policy regime

2522.SHRI JESUDASU SEELAM:
DR.T. SUBBARAMI REDDY:
Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

---

†Original notice of the question was received in Hindi.